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SUBJECT: MORALES TO TOBIAS: THANKS FOR THE ASSISTANCE

Classified By: DCM Kris Urs for reasons 1.4 (b) and (d).

SUMMARY

¶1. (C) As part of Director of Foreign Assistance and USAID Administrator Randall Tobias' visit to Bolivia, President Morales met with Tobias, WHA PDAS Charles Shapiro, and Ambassador Goldberg early March 2. Morales thanked Ambassador Tobias for U.S. natural disaster assistance, saying that this year's flooding is the worst Bolivia has seen in 60 years. On the bilateral relationship in general, Morales said Bolivia wants an "excellent relationship" with the United States. Ambassadors Tobias and Shapiro offered support for Bolivia's goal of a more inclusive society, but Tobias noted that the goal should be placed in the context of a democracy that includes all Bolivians. Morales asked for aid in creating jobs and improving infrastructure and said he has "great interest" in the Millennium Challenge Account (MCA) and in an additional ATPDEA extension. Morales described Bolivia's many marches and blockades as largely local problems and accused opposition party Podemos of organizing them and plotting against his government. Morales thanked Ambassador Tobias for USAID assistance, highlighting alternative development and infrastructure programs in particular. Ambassador Tobias noted both countries' interest in close counternarcotics cooperation and acknowledged the GOB's interdiction efforts; Morales responded by saying his government is serious about fighting narcotics trafficking. Morales spoke in terms of a net reduction of coca and said his government plans to work harder in the Yungas; he also stressed the GOB's desire for closer counternarcotics cooperation with the United States. In an unprecedented move, Morales joined Tobias for a joint press conference following the meeting and publicly thanked the USG for disaster assistance and general cooperation. In perhaps the Embassy's most positive meeting with Morales to date, the president repeatedly thanked Tobias (both privately and publicly) for U.S. assistance and seemed to appreciate the finer points of USAID operations in Bolivia. End summary.

DISASTER ASSISTANCE

12. (C) As part of Director of Foreign Assistance and USAID Administrator Randall Tobias' visit to Bolivia, President Morales (along with Amcit MFA trade advisor Tom Kruse) met with Tobias, WHA PDAS Charles Shapiro, and Ambassador Goldberg early March 2. Morales thanked Ambassador Tobias for U.S. natural disaster assistance, saying that this year's flooding is the worst Bolivia has seen in 60 years. Morales said he is "very grateful" for the international cooperation Bolivia has received. Ambassador Tobias conveyed the sympathy of the American people for Bolivia's flooding victims and informed Morales that two relief planes will arrive March 5 to provide additional assistance. Tobias said the USG is glad to have the opportunity to help Bolivia in its time of need. Morales thanked Tobias for two additional plane loads of assistance and said food rations and donations will be needed for approximately six months in some areas, until Bolivians can begin to recover from the disasters.

BILATERAL RELATIONSHIP

13. (C) On the bilateral relationship in general, Morales said he wants an "excellent relationship" with the United States. He explained that Bolivia has a culture of dialogue and that debate is welcome. Morales said that while sometimes the press wants to generate conflict between us, he wants the "maximum level of cooperation with the USG." He acknowledged that the United States is the most developed country in the world, but noted that the United States faces environmental challenges, implying that the United States could learn from the Bolivians about how to live at peace with nature. Ambassadors Tobias and Shapiro offered support for Bolivia's goal of a more inclusive society, but Tobias noted that the goal should be placed in the context of a democracy that includes all Bolivians. Ambassador Tobias emphasized the long relationship between Bolivia and the United States, which he said the United States values and wants to continue. Tobias told Morales that the United States and Bolivia have many things in common, and that they should continue to work to find common interests.

14. (C) Morales asked for aid in creating jobs and improving infrastructure and said he has "great interest" in the Millennium Challenge Account (MCA) (particularly for a highway from La Paz to Pando via Beni) and in an additional ATPDEA extension. Morales thanked Tobias for Congress' extension of ATPDEA benefits and said Bolivia wants commerce with the United States so it can export goods to the U.S. market. He noted that as developed and developing countries, the United States and Bolivia complement each other well. Morales also acknowledged the United States' prominent role in international institutions including the World Bank and the IDB, and said he was grateful for that assistance. Morales said Bolivia's macroeconomic stability has improved overall, largely due to increased hydrocarbons revenues, but not enough to create sufficient jobs. He also pointed out that his government's hydrocarbons' nationalization did not include expropriation of property or assets. Ambassador Tobias responded by saying that the USG is working hard to improve lives, create jobs and increase investment in Bolivia. We recognize that a stable economy is key to those goals, he said. Tobias also encouraged Morales to aggressively pursue a MCC proposal. He emphasized that his visit should be read as a strong signal that the United States wants to work with Bolivia toward these goals.

SOCIAL UNREST

15. (C) Morales described Bolivia's many marches and blockades as largely local problems and accused opposition party Podemos of organizing them and plotting against his government. He said that in contrast to protests over the past year, the marches he led prior to becoming president were "apolitical"-- in support of human rights, coca, and

other causes. He said the Bolivian people received his marches warmly by supporting the marchers and providing them with food. Morales lamented the most violent conflict in his administration to date-- the October 2006 conflict between miners in Huanuni. Before the conflict, Morales said he personally met with miners more than 15 times. He said he told both sides that he would work to help them but that they would have to work together. Morales regretted that they couldn't, calling the violence the "worst moment" in his administration.

USAID SUPPORT

¶16. (C) Morales thanked Ambassador Tobias for USAID assistance, highlighting alternative development programs in particular. He noted the current high prices for Chapare-produced palm hearts, as well as the GOB's desire to export more bananas. Morales said Bolivia wants to export alternative development products, as successes in alternative development reduce coca cultivation. He mentioned the importance of a good infrastructure for alternative development projects, and thanked Tobias for USAID assistance in constructing a road in the Chapare. While stating that the GOB "wants to maximize U.S. cooperation," Morales suggested that USAID assistance could be more efficient. He said that for the cost of one USAID-constructed soccer field, the GOB could have built three. (NOTE: Morales made this argument previously and Ambassador Goldberg responded via letter to explain that our numbers indicated otherwise). Morales also mentioned health and education as critical areas for international cooperation in Bolivia.

¶17. (C) After expressing gratitude for USAID assistance, Morales indicated that he would prefer that international assistance be donated to the central government, not Bolivia's prefects or mayors. He said he would like to establish a type of open registry to monitor aid, not for purposes of controlling it but for the benefit of Bolivia's development process. He said it would be useful to know the amount of USAID assistance in Bolivia and what the money is spent on.

COCA: MORE IS LESS?

¶18. (C) Ambassador Tobias highlighted both countries' interest in close counternarcotics cooperation and acknowledged the GOB's interdiction efforts. He said that while the United States remains concerned that any increase in coca cultivation will go to the illegal drug trade, he looked forward to continuing to work through those issues with the GOB. Morales responded by saying his government is serious about fighting narcotics trafficking. He said that although he has been accused of being a narcotrafficker, the GOB policy is "zero cocaine, zero drugs." He said in Bolivia, "one can't talk about zero coca." At the same time, he said, his government's respect for the traditional use of coca does not imply unrestricted growth. Morales also explained that cocaine is not part of Bolivia's indigenous culture.

¶19. (C) In giving Ambassador Tobias some of his personal history, Morales said he was not born a cocalero but moved to Chapare in 1979-80 after completing his mandatory military service. His family, he said, focused on rice production but also grew a few catos of coca on the side. Because of globalization and increased international trade in the 1980's, Brazilian rice became cheaper than Bolivian rice, thus damaging his family's business. He recounted that in those years of hyperinflation, people had to sell large bundles of bananas to buy a coke or a beer. Morales said eradication with government compensation failed because people became accustomed to being paid large sums of money, "like by a bank." In Morales' opinion, militarization also failed, as it led to permanent confrontation without results. These failures, Morales said, led him to suggest one cato of

coca per affiliate to limit production of coca and to prevent conflict. He said that when he speaks to the Six Federations (the main coca labor organization in the Chapare), he tells them if they fail to respect the cato of coca, the GOB will have to return to militarization. He said this serves as a strong deterrent.

¶10. (C) Regarding the GOB's future plans, Morales spoke in terms of a net reduction of coca and said his government plans to work harder in the Yungas (particularly in La Asunta and in Caranavi). He also stressed the GOB's desire for closer counternarcotics cooperation with the United States. Morales lamented a lack of progress in the Yungas but said he hoped the situation would improve. He thanked the USG for its help eradicating in Bolivia's national parks, calling counternarcotics a "shared responsibility." Morales, however, also defended the GOB's proposal to raise the legal limits of coca production to 20,000 hectares, saying it is "impossible to guarantee 10,000- 12,000 hectares of coca" but that 20,000 hectares is a more realistic goal. Likewise, he defended the GOB's human rights-conscious policy of "rationalization," or voluntary eradication, stating that statistics show that the process is more effective if it is voluntary. While Morales admitted increased coca cultivation in some areas, he maintained those cases are the exception and not the rule. Morales said he knows if he fails, the United Nations and United States will be watching. In response to Ambassador Tobias' inquiry about how much coca should be approved for traditional uses under ideal circumstances, Morales replied "less than 20,000 hectares." He admitted, however, that the European Union's legal demand study was "stuck." Overall, Morales said, he is optimistic about the GOB's ability to fight narcotics trafficking, having met its obligations in 2006.

A FIRST JOINT PRESS CONFERENCE WITH MORALES

¶10. (SBU) In an unprecedented move, Morales joined Tobias for a joint press conference following the meeting. Morales stated publicly that he was "very happy" with the meeting, and publicly thanked the USG for disaster assistance (noting that more would arrive next week) and general cooperation. Morales said the GOB's dialogue with the United States was important to Bolivia and that it would continue. Morales emphasized the GOB's "culture of dialogue" and its respect for differences with other countries. Additionally, in response to questions about the release of the INCSR report March 1, Morales said that he respected the report as an internal evaluation of our government, but that GOB statistics on counternarcotics progress were very different.

COMMENT

¶11. (C) In perhaps the Embassy's most positive meeting with Morales to date, the president repeatedly thanked Tobias privately and publicly for U.S. assistance. Morales seemed to appreciate the finer points of USAID operations in Bolivia and to have a superficial understanding of U.S. concerns on counternarcotics (as reflected by his discussion of a net reduction of coca). On trade, Morales clearly wants an ATPDEA extension, as further evidenced by Foreign Minister Choquehuanca's late February trip to Washington, but again made no mention of a concrete free trade proposal. While it seems that Morales may be warming to the benefits of a good bilateral relationship, his willingness to cooperate on the more difficult issues and to deliver solid political, economic, and counternarcotics policies may still be another matter. End comment.

This cable has been cleared by Ambassadors Tobias and Shapiro.
GOLDBERG